Pay Commission have been held, which were, *inter-alia* devoted to hearings of Unions/Associations of the Central Government employees.

Increase in interest rate on Post Office deposits

1523. SHRI VARINDER SINGH BAJWA: Will the Minister of FINANCE be pleased to state:

(a) whether in view of over 6 per cent inflation that has been there for quite some time now, Government propose to increase the interest rate on Post Office Savings, Bank Deposits;

(b) if so, by when that is likely to be done; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) At present, there is no proposal under consideration of Government to increase the interest rates on Post Office Savings Bank Deposits, which, alongwith interest rates on other small saving schemes are benchmarked o the average yields on Government securities of comparable maturity in the secondary market, as recommended by the Expert Committee on Administered Interest Rates under the Chairmanship of Dr. Y.V. Reddy, then Dy. Governor, Reserve Bank of India.

Goods and service tax (GST)

1524. DR. VIJAY MALLYA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are actively considering to bring in legislation to introduce Goods and Service Tax;

(b) what are the bnefits likely to accrue following the introduction of GST;

(c) whether any step has been taken to evolve a consensus in consultation with all the State Governments since such a legislation would impact the State Governments; and

(d) what is the time schedule for implementation of GST?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Government has announced its intention to introduce Goods and Services Tax (GST) w.e.f. 1st April, 2010. It is proposed to finalise the roadmap for introduction of GST in consultation with the Empowered Committee of State Finance Ministers (EC). Once the roadmap is finalised, the necessary legislative measures will be taken to implement GST as per the agreed roadmap.

(b) GST is a simple, transparent and efficient system of indirect taxation. The system facilitates taxation of goods and services in an integrated manner. The system makes it possible to give input tax credit across all goods and services and the entire chain of transactions and thereby, helps in eliminating taxed-induced economic distortions and gives boost to the economy. The administrative and compliance cost of such a system are much lower. The system can help in making India a truly national common market and a very attractive investment destination.

(c) It is proposed to start the process of consultations with the Empowered Committee of State Finance Ministers shortly with a view to finalise a roadmap for implementation of GST.

(d) It is proposed to implement GST by 1st April, 2010.

Micro-Banking system

1525. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering establishment of a micro-banking system in the country to extend micro-credit to the rural poor;

(b) whether Government are working out the concepts of such a system on the model of the Bangladeshi Grameen Bank which has successfully set up such a rural micro-credit network; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) An Institutional Credit delivery mechanism is already in place to extend credit to large number of borrowers